

24 April 2013

Community Affairs Legislation Committee  
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Dear Sir/Madam

National Seniors Australia is pleased to provide the following input regarding the five Bills to amend the *Aged Care Act 1997* and associated changes to give effect to the *Living Longer Living Better* reforms due to commence 1 July 2013.

We would welcome an invitation to present the views of our members to a Hearing of the Community Affairs Legislation Committee.

National Seniors is the largest organisation representing Australians aged 50 and over, with around 200,000 members nation-wide. It provides a well-informed and representative voice on behalf of older Australians and contributes to public education, debate and community consultation on issues of direct relevance to them.

National Seniors focus is on ensuring that the aged care reform process addresses older Australians' concerns about aged care service delivery and protects their rights. The *Living Longer Living Better* reforms respond to some of the concerns raised by members in our previous research.

However we are concerned that the budgets allocated to the reforms, including re-allocations of savings from components such as the tightening of the ACFI assessments do not address the shortfall in funding required to meet the needs of older Australians for aged care services.

#### Community and residential care reform

National Seniors welcomes the removal of time limits on assessments of need and the streamlined Government subsidies providing protections to vulnerable clients for the cost of their accommodation and care. The extension of hardship provisions to Home Care clients will provide a safety net for clients and assist providers to meet the costs of providing care to clients who are unable to meet the agreed fees and charges.

We also support the increased emphasis on community based Home Care compared to residential aged care from 1 July 2013. The enhanced number and levels of packages will assist older Australians to stay in their own home for longer. The focus on consumer directed care will allow the

consumer greater choice and control over who will provide which services rather than providers controlling access to the care packages.

The removal of the distinction between low and high care in residential care will further assist residents to receive the care they need at the time they need it rather than being tied to a prescribed package and the increase in number of residential places will support their ageing in place.

The proposed rationalisation of the subordinate Aged Care Principles to combine similar issues under one set of Principles and Determinations that describe the value of all supplements is welcomed; in particular that one set of Subsidy Principles will describe the eligibility for all supplements other than accommodation and hardship which remain in the Act. National Seniors looks forward to providing comment on subordinate legislation.

#### Dementia and behavioural supplements in Subsidy Principles

The extension of a dementia supplement to be separately available to all Home Care recipients recognises the increasing prevalence of dementia in the community and the importance of early responses to delay the progression of the disease.

However we sound a note of caution regarding the lack of substantial capital investment required to ensure that the design of residential care facilities provides an environment that stimulates residents communication, enhances interactions, and reduces disorientation and behavioural responses associated with the disease.

Unfortunately there is no similar access to a mental health supplement for recipients of home care and residential aged care services. Support to veterans through a behavioural (mental health) supplement is welcomed however National Seniors believes that access to such support should be extended to all recipients of aged care. National Seniors believes this is a serious omission in the Bills and that it will impact on the quality of care that providers are able to provide to consumers with mental health conditions and reduce the effectiveness of other components of their care.

The extension of the Community Visitor Scheme to Home Care may address isolation and lack of community engagement among older people. However it cannot address their specific mental health conditions. Therefore we strongly recommend that eligibility for the behavioural (mental health) supplement be widened to include all recipients with an assessed need for mental health support.

#### Means testing arrangements

Reforms to the means testing arrangements for client contributions to the costs of their care and residential accommodation from 1 July 2014 is supported by our members who are willing to pay a co-contribution. The Government must continue to support residents who are unable to pay.

National Seniors recommends an evaluation of the impact of the requirement for part-pensioners and self-funded retirees in receipt of Home Care services to pay 50% of their income in care costs up to the full

cost of care or an annual cap, to ensure that their quality of life is not significantly affected. Whilst the Bills provide for evaluation and review of the reforms it is important that this assessment is specified in the review.

The requirement from April 2014 for residential aged care providers to publish levels of accommodation payments against agreed criteria, the removal of retention amounts and flexibility regarding method of payment are significant improvements on previous arrangements, as is the means testing and treatment of the family home prior to entry to residential care.

The Bills and the proposed changes to subordinate legislation will remove some of the current complexity and confusion regarding the calculation of fees and charges for aged care. Older Australians and their families deserve, and require clear unambiguous information that allows them to make informed decisions about their future aged care requirements. Therefore National Seniors urges the Government to publish ready reckoners and information immediately after the legislation is passed.

This information needs to be in a variety of formats eg text, charts, and graphical representations to enhance understanding of the new means testing arrangements and fees and charges. This will allow sufficient time for older Australians to be fully informed of their responsibilities and organise their finances in readiness for entry to aged care.

#### Functions of the Aged Care Pricing Commissioner

The scope of influence of the Aged Care Pricing Commissioner established 1 January 2014 to commence functions on 1 July 2014 is relatively narrow and is restricted to approval of Level 3 accommodation payments and extra services charges which are included within the legislative framework.

National Seniors believes that there are benefits to be realised by extending the Commissioner's role to fees and charges under the policy framework approved by the Minister. This could include approving the Schedules of Fees and Charges for Home Care and residential care established under the Principles and Determinations. The interactions between assessment under the Aged Care Funding Instrument and subsequent fees and charges should also be monitored.

#### Aged Care Quality Agency

National Seniors welcomes the establishment of the Aged Care Quality Agency from 1 January 2014 and the commencement of formal accreditation of Home Care service providers from 1 July 2014. The establishment of a Quality Advisory Council with independent expert members will provide external advice and support to the Agency.

We note that the Aged Care Commissioner will continue to address complaints relating to accreditation decisions made by the Agency. However we are concerned that the Agency does not have a legal identity separate from the Government and believe that its decisions and its staff must be clearly independent. National Seniors suggests a review after the

first year of operation, following the transfer of the previous functions and staff of the Government Aged Care Standards and Accreditation Agency.

#### Workforce Compact

The limited allocation of new funds to the recently announced Workplace Compact may limit the capacity of providers to fund extensive infrastructure and associated improvements required to meet the improved workforce conditions. We suspect that this funding will be more easily accessed by those providers who have made substantial improvements already and will leave those most in need of workforce improvements unable to implement the changes.

National Seniors urges a review of the impact of the Compact and level of uptake by providers within one to two years.

#### Other matters

The reforms outlined in the Bills have not addressed exclusion of Lesbian, Gay, Bisexual, Trans-gender and Intersex clients from religious institutions in receipt of Government funding or the shortfall in take-up of provisional allocation of aged care services.

Although not specifically proposed in the current Bills, concerns are being raised that the ratio of residential aged care places may be reduced from 88 to 80 places per 1,000 people aged 70 years and older. While this may reflect the increased proportion of services to be provided in the community sector, National Seniors believes that any adjustments to the target ratios must take account of the following factors.

In June 2011, 77 percent of residents in residential aged care facilities were aged 80 years or older and 57 percent were aged 85 and older. The shift to provide extended care in clients' own homes will raise further the age at which most residents enter facilities, with a likely increase in demand for higher levels of clinical care and dementia services. The proportion and number of the population aged 85 years and older is also growing much faster than the group aged 70 years and older.

Therefore the cost of delivering residential aged care is likely to rise and further exacerbate the shortfall in uptake of places. Planning ratios would be better linked to the needs of people aged 80 to 85 years and older, rather than the current benchmarks for overall aged care of 113/1000 people aged 70 years and older.

The methodology used to guide current supplements paid to providers of aged care services will be further complicated as specialised disability services are provided for people aged 65 years and older. National Seniors has raised concerns about the exclusion of this cohort from the National Disability Insurance Scheme (NDIS) trials and the capacity of the aged care system to meet their specific disability care and support. Providing this care will require much greater capital and equipment costs, and higher expenses associated with delivery of specialised care for extended periods of time, especially for neuro-degenerative conditions.

As indicated in our earlier submission to the NDIS, older Australians are well aware that the aged care system struggles to meet demand for more complex care needs and has limited capacity to provide disability-specific responses, aids and technologies. Difficulty in retaining a qualified and skilled workforce and a focus on maintenance rather than re-ablement only adds to these concerns.

National Seniors again urges the Government to investigate the capacity of the aged care system to meet the needs of people aged 65 and older with profound and severe disabilities and to introduce assessment criteria for support that is disability specific.

If you have any queries regarding the above feedback, please contact our senior policy adviser Marie Skinner

Yours sincerely

**Michael O'Neill**  
**Chief Executive Officer**